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Fax

To: Registration Unit - Counter Espionage
Section, Criminal Division **From:** Craig Mersky, Esq.

Fax: 202-514-2836 **Pages:** 11 Pages with Cover Sheet

Phone: **Date:** Wednesday, January 28, 2009

Re: Ketchum Inc. (Registration #5758)

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

707 JUN 30 PH 4:35
CRIMES/REGISTRATION UNIT



January 28, 2009

BY FACSIMILE (202) 514-2836

Registration Unit
Counterespionage Section, Criminal Division
U.S. Department of Justice
Washington, D.C. 20530

Re: Ketchum Inc. (Registration #5758) – Informational Materials

Dear Sir/Madam:

Pursuant to the Foreign Agents Registration Act of 1938, attached please find informational materials disseminated by Ketchum on behalf of the Russian Federation.

If you require additional information, please feel free to contact me at 646-935-4058.

Regards,

A handwritten signature in black ink, appearing to read "C. Mersky".

Craig Mersky
General Counsel

CRM/CES/REGISTRATION UNIT

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Prime Minister Vladimir Putin's speech at the opening ceremony of the World Economic Forum

Davos, Switzerland

28 January 2009

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I would like to thank the forum's organisers for this opportunity to share my thoughts on global economic developments and to share our plans and proposals.

The world is now facing the first truly global economic crisis, which is continuing to develop at an unprecedented pace.

The current situation is often compared to the Great Depression of the late 1920s and the early 1930s. True, there are some similarities.

However, there are also some basic differences. The crisis has affected everyone at this time of globalisation. Regardless of their political or economic system, all nations have found themselves in the same boat.

There is a certain concept, called the perfect storm, which denotes a situation when Nature's forces converge in one point of the ocean and increase their destructive potential many times over. It appears that the present-day crisis resembles such a perfect storm.

Responsible and knowledgeable people must prepare for it. Nevertheless, it always flares up unexpectedly.

The current situation is no exception either. Although the crisis was simply hanging in the air, the majority strove to get their share of the pie, be it one dollar or a billion, and did not want to notice the rising wave.

In the last few months, virtually every speech on this subject started with criticism of the United States. But I will do nothing of the kind.

I just want to remind you that, just a year ago, American delegates speaking from this rostrum emphasised the US economy's fundamental stability and its cloudless prospects. Today, investment banks, the pride of Wall Street, have virtually ceased to exist. In just 12 months, they have posted losses exceeding the profits they made in the last 25 years. This example alone reflects the real situation better than any criticism.

The time for enlightenment has come. We must calmly, and without gloating, assess the root causes of this situation and try to peek into the future.

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In our opinion, the crisis was brought about by a combination of several factors.

The existing financial system has failed. Substandard regulation has contributed to the crisis, failing to duly heed tremendous risks.

Add to this colossal disproportions that have accumulated over the last few years. This primarily concerns disproportions between the scale of financial operations and the fundamental value of assets, as well as those between the increased burden on international loans and the sources of their collateral.

The entire economic growth system, where one regional centre prints money without respite and consumes material wealth, while another regional centre manufactures inexpensive goods and saves money printed by other governments, has suffered a major setback.

I would like to add that this system has left entire regions, including Europe, on the outskirts of global economic processes and has prevented them from adopting key economic and financial decisions.

Moreover, generated prosperity was distributed extremely unevenly among various population strata. This applies to differences between social strata in certain countries, including highly developed ones. And it equally applies to gaps between countries and regions.

A considerable share of the world's population still cannot afford comfortable housing, education and quality health care. Even a global recovery posted in the last few years has failed to radically change this situation.

And, finally, this crisis was brought about by excessive expectations. Corporate appetites with regard to constantly growing demand swelled unjustifiably. The race between stock market indices and capitalisation began to overshadow rising labour productivity and real-life corporate effectiveness.

Unfortunately, excessive expectations were not only typical of the business community. They set the pace for rapidly growing personal consumption standards, primarily in the industrial world. We must openly admit that such growth was not backed by a real potential. This amounted to unearned wealth, a loan that will have to be repaid by future generations.

This pyramid of expectations would have collapsed sooner or later. In fact, this is happening right before our eyes.

Esteemed colleagues,

One is sorely tempted to make simple and popular decisions in times of crisis. However, we could face far greater complications if we merely treat the symptoms of the disease.

Naturally, all national governments and business leaders must take resolute actions. Nevertheless, it is important to avoid making decisions, even in such force majeure circumstances, that we will regret in the future.

This is why I would first like to mention specific measures which should be avoided and which will not be implemented by Russia.

We must not revert to isolationism and unrestrained economic egotism. The leaders of the world's largest economies agreed during the November 2008 G20 summit not to create barriers hindering global trade and capital flows. Russia shares these principles.

Although additional protectionism will prove inevitable during the crisis, all of us must display a sense of proportion.

Excessive intervention in economic activity and blind faith in the state's omnipotence is another possible mistake.

True, the state's increased role in times of crisis is a natural reaction to market setbacks. Instead of streamlining market mechanisms, some are tempted to expand state economic intervention to the greatest possible extent.

The concentration of surplus assets in the hands of the state is a negative aspect of anti-crisis measures in virtually every nation.

In the 20th century, the Soviet Union made the state's role absolute. In the long run, this made the Soviet economy totally uncompetitive. This lesson cost us dearly. I am sure nobody wants to see it repeated.

Nor should we turn a blind eye to the fact that the spirit of free enterprise, including the principle of personal responsibility of businesspeople, investors and shareholders for their decisions, is being eroded in the last few months. There is no reason to believe that we can achieve better results by shifting responsibility onto the state.

And one more point: anti-crisis measures should not escalate into financial populism and a refusal to implement responsible macroeconomic policies. The unjustified swelling of the budgetary deficit and the accumulation of public debts are just as destructive as adventurous stock-jobbing.

Ladies and gentlemen,

Unfortunately, we have so far failed to comprehend the true scale of the ongoing crisis. But one thing is obvious: the extent of the recession and its scale will largely depend on specific high-precision measures, due to be charted by governments and business communities and on our coordinated and professional efforts.

In our opinion, we must first atone for the past and open our cards, so to speak.

This means we must assess the real situation and write off all hopeless debts and "bad" assets.

True, this will be an extremely painful and unpleasant process. Far from everyone can accept such measures, fearing for their capitalisation, bonuses or reputation. However, we would "conserve" and prolong the crisis, unless we clean up our balance sheets. I believe financial authorities must work out the required mechanism for writing off debts that corresponds to today's needs.

Second. Apart from cleaning up our balance sheets, it is high time we got rid of virtual money, exaggerated reports and dubious ratings. We must not harbour any illusions while assessing the state of the global economy and the real corporate standing, even if such assessments are made by major auditors and analysts.

In effect, our proposal implies that the audit, accounting and ratings system reform must be based on a reversion to the fundamental asset value concept. In other words, assessments of each individual business must be based on its ability to generate added value, rather than on subjective concepts. In our opinion, the economy of the future must become an economy of real values. How to achieve this is not so clear-cut. Let us think about it together.

Third. Excessive dependence on a single reserve currency is dangerous for the global economy. Consequently, it would be sensible to encourage the objective process of creating several strong reserve currencies in the future. It is high time we launched a detailed discussion of methods to facilitate a smooth and irreversible switchover to the new model.

Fourth. Most nations convert their international reserves into foreign currencies and must therefore be convinced that they are reliable. Those issuing reserve and accounting currencies are objectively interested in their use by other states.

This highlights mutual interests and interdependence.

Consequently, it is important that reserve currency issuers must implement more open monetary policies. Moreover, these nations must pledge to abide by internationally recognised rules of macroeconomic and financial discipline. In our opinion, this demand is not excessive.

At the same time, the global financial system is not the only element in need of reforms. We are facing a much broader range of problems.

This means that a system based on cooperation between several major centres must replace the obsolete unipolar world concept.

We must strengthen the system of global regulators based on international law and a system of multilateral agreements in order to prevent chaos and unpredictability in such a multipolar world. Consequently, it is very important that we reassess the role of leading international organisations and institutions.

I am convinced that we can build a more equitable and efficient global economic system. But it is impossible to create a detailed plan at this event today.

It is clear, however, that every nation must have guaranteed access to vital resources, new technology and development sources. What we need is guarantees that could minimise risks of recurring crises.

Naturally, we must continue to discuss all these issues, including at the G20 meeting in London, which will take place in April.

Our decisions should match the present-day situation and heed the requirements of a new post-crisis world.

The global economy could face trite energy-resource shortages and the threat of thwarted future growth while overcoming the crisis.

Three years ago, at a summit of the Group of Eight, we raised the issue of global energy security. We called for the shared responsibility of suppliers, consumers and transit countries. I think it is time to launch truly effective mechanisms ensuring such responsibility.

The only way to ensure truly global energy security is to form interdependence, including a swap of assets, without any discrimination or dual standards. It is such interdependence that generates real mutual responsibility.

Unfortunately, the existing Energy Charter has failed to become a working instrument able to regulate emerging problems.

I propose we start laying down a new international legal framework for energy security. Implementation of our initiative could play a political role comparable to the treaty establishing the European Coal and Steel Community. That is to say, consumers and producers would finally be bound into a real single energy partnership based on clear-cut legal foundations.

Every one of us realises that sharp and unpredictable fluctuations of energy prices are a colossal destabilising factor in the global economy. Today's landslide fall of prices will lead to a growth in the consumption of resources.

On the one hand, investments in energy saving and alternative sources of energy will be curtailed. On the other, less money will be invested in oil production, which will result in its inevitable downturn. Which, in the final analysis, will escalate into another fit of uncontrolled price growth and a new crisis.

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